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Munis Poised to Outpace Treasuries in Best Month Since December.

- **June gain of 1.5% for munis compares with 1.4% for Treasuries**
- **State, city debt pares 2024 loss amid strong seasonal period**

The municipal-bond market is on track to slightly outpace Treasuries this month, benefiting from a broad fixed-income rally and a period that is typically strong for US state and city debt.

Munis are up 1.5% in June as of Thursday's close, compared with 1.4% for US government debt, according to Bloomberg index data. Bonds have rallied this month as signs of cooling inflation supported bets that the Federal Reserve will lower interest rates this year. Both munis and Treasuries are still down a bit more than 0.4% in 2024.

For munis, it's set to be the best June since 2016. This month is often the beginning of a mid-year stretch where demand outstrips supply as investors recycle cash from calls and redemptions back into munis while issuers tend to sell less debt.

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